

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 1265 – HB 1216**

March 15, 2014

**SUMMARY OF ORIGINAL BILL:** Beginning July 1, 2013, authorizes students attending public higher education institutions, who are receiving a 25 percent tuition discount as children of full-time teachers or certified technology coordinators, to continue to receive the discount in the event their eligible parent retires after 30 years of service.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures - \$23,300/FY13-14  
\$24,700/FY14-15  
Exceeds \$26,100/FY15-16 and Subsequent Fiscal Years

**SUMMARY OF AMENDMENT (013301):** Deletes all language of the original bill. Beginning July 1, 2014, authorizes students, under the age of 24, who has a parent that is a licensed health care professional and who works as a full-time local education agency (LEA) employee in their licensed field, to receive a 25 percent tuition discount at any state operated institution of higher education. Licensed health care professional includes, but is not limited to, audiologists, speech therapists, nurses, psychologists, and physical therapists.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

Increase State Expenditures - \$195,500/FY14-15  
\$205,200/FY15-16  
Exceeds \$205,200/FY16-17 and Subsequent Fiscal Years

Assumptions for the bill as amended:

- Lost revenue for higher education institutions resulting from the proposed tuition discount will require additional appropriations from the General Fund.
- Fiscal note is based on the estimated number of new dependents eligible to receive a tuition discount.
- The number of employees' and their dependents remains relatively constant over time.

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- Using data from the existing tuition discount program and the Department of Education (DOE), the Tennessee Board of Regents (TBR) estimates that 141 additional students would receive a tuition waiver annually.
- The average tuition wavier for a TBR student is estimated to be \$700 in FY14-15 and \$735 in FY15-16.
- The increase in state expenditures for TBR tuition waivers in FY14-15 is estimated to be \$98,700 (\$700 x 141) and \$103,635 (\$735 x 141).
- Using data from the existing tuition discount program and DOE, the University of Tennessee (UT) estimates 100 additional students will receive a tuition waiver annually.
- The average tuition waiver for a UT student is estimated to be \$968 in FY14-15 and \$1,016 in FY16-17.
- The increase in state expenditures for UT tuition waivers in FY14-15 is estimated to be \$96,800 (\$968 x 100) and \$101,600 (\$1,016 x 100) in FY15-16.
- The total increase in state expenditures in FY14-15 is estimated to be \$195,500 (\$98,700 + \$96,800).
- The total increase in state expenditures in FY15-16 is estimated to be \$205,235 (\$103,635 + \$101,600).
- The recurring increase in state expenditures in FY16-17 and subsequent fiscal years is estimated to exceed \$205,235.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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